



**DEPARTMENT OF CITYWIDE ADMINISTRATIVE SERVICE
DIVISION OF REAL ESTATE SERVICE**

MUNICIPAL BUILDING, - Room 2053S
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WILLIAM J. DIAMOND
Commissioner

LORI FIERSTEIN
Deputy Commissioner

February 11, 1998

Mr. Conan Freud
Assistant Director
Office of Management & Budget
75 Park Place, 9th floor
New York, New York 10007

Re: OEM, 7 WTC

Dear Mr. Freud,

Pursuant to your discussions with First DC Iris Weinshall and me, I am forwarding to you a copy of the February 3, 1998 cost estimate developed by Ambassador Construction (Silverstein's designated CM) for the referenced project.

The construction estimate totals \$10,879,068, however, it contains many clarifications, exclusions, and does not have a contingency. In addition, the fees for general conditions, overhead & profit, and financing have not been negotiated. The estimate was given to us without any detail or backup (which Ambassador does not have) so that we may evaluate it's merits.

Based on the Ambassador estimate the project cost could be:

Construction Costs	\$10,879,068
Financing Costs	\$ 500,000
Furniture Costs	\$ 1,500,000 *
Telephone & Communication Costs	\$ 1,000,000 *
Cooling Tower on Roof	\$ 650,000
Security System	\$ 100,000
Sales Tax	\$ 500,000
Misc. & Contingency	\$ 1,500,000
A & E fees	\$ <u>750,000</u>
Subtotal	\$17,379,068
-Minus Landlord contribution	- \$ <u>2,252,925</u>
Total City Costs	\$15,126,143

— 500,000

* Preliminary numbers subject to discussions with OEM.